

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3562-05
Bill No.: Perfected SCS for SB 622
Subject: Agriculture and Animals; Agriculture Dept.; Revenue Dept.
Type: Original
Date: April 7, 2010

Bill Summary: Increases pesticide registration fees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$1,061,515)	\$1,666,210	\$1,848,036
Total Estimated Net Effect on General Revenue Fund	(\$1,061,515)	\$1,666,210	\$1,848,036

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Agriculture Protection Fund	\$2,302,915	(\$176,530)	(\$358,356)
Total Estimated Net Effect on <u>Other</u> State Funds	\$2,302,915	(\$176,530)	(\$358,356)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(93)	(93)	(93)
Agriculture Protection Fund	93	93	93
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and **Department of Natural Resources** assume no fiscal impact to their agency.

Officials from the **Department of Agriculture (AGR)** assume increased fee revenues will allow the department to replace about one half of the General Revenue funding currently required to operate department programs, including pesticide related programs such as Pesticide Control, Plant Pest Control, and Integrated Pest Management. The current GR cost of these programs is \$1,691,603. Increased revenues under this legislation would total \$6,908,747, which would provide approximately 50 percent of the FY 09 GR funding levels for all department GR funded programs.

It is anticipated that we would receive 11,000 label registration applications at \$150 each. This would generate \$1,650,000 in revenue, in addition to the late fee increase which is estimated to generate \$5,200 ($104 * \50). Total estimated revenue equals \$1,655,200 from increases in both the registration and late fees. The current amount of \$15 for registration fee and \$5 for the late fee would still be deposited into the fee fund to cover approximately 88 percent of the current program expenses.

In CY 2009 there was 11,240,883 gallons of wine sold in Missouri. Thirty cents per gallon of wine sold equals \$3,372,265 of revenue in CY 2009. This income level is assumed to remain constant in this analysis.

In FY 2009 the Department of Agriculture collected \$2,046,802 in program fees that were deposited into General Revenue. This level of income is assumed to remain constant in this analysis.

Since pesticide registration fees are not due until December 31 of each year, and since a fee fund balance is necessary to ensure cash flow needs of the agency, this analysis assumes GR would be needed to pay all program costs for the first half of Fiscal Year 2011.

ASSUMPTION (continued)

	<u>Ag Protection Fund</u>	<u>General Revenue</u>
New Pesticide Revenues =	\$1,489,680	\$0
Wine revenues @ \$.30/gal =	\$3,372,265	(\$3,372,265)
FY09 GR program fees =	\$2,046,802	(\$2,046,802)
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Total Revenues		
Ag Protection Fund =	\$6,908,747	(\$5,419,067)

Increased revenues under this legislation would total \$6,908,747, which would provide approximately 50 percent of the FY09 GR funding levels for all department GR funded programs. After the first year, GR would realize a net savings of more than \$1.5 million annually.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Savings - Department of Agriculture</u>			
Salaries	\$1,838,847	\$3,788,028	\$3,901,666
Fringe Benefits	\$1,103,308	\$2,272,815	\$2,341,000
Equipment & Expense	<u>\$512,219</u>	<u>\$1,024,437</u>	<u>\$1,024,437</u>
	\$3,454,374	\$7,085,280	\$7,267,103
<u>Loss - Department of Agriculture</u>			
Loss of Fee Revenues			
New Pesticide Revenues	\$0	\$0	\$0
Wine Revenues	(\$2,810,221)	(\$3,372,265)	(\$3,372,265)
Program Fees	<u>(\$1,705,668)</u>	<u>(\$2,046,802)</u>	<u>(\$2,046,802)</u>
	(\$4,515,889)	(\$5,419,067)	(\$5,419,067)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$1,061,515)</u>	<u>\$1,666,210</u>	<u>\$1,848,036</u>
Estimated FTE	(93)	(93)	(93)

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
AGRICULTURE PROTECTION FUND			
<u>Revenue</u> - Department of Agriculture			
New Pesticide Revenues	\$1,241,400	\$1,489,680	\$1,489,680
Wine Revenues	\$2,810,221	\$3,372,265	\$3,372,265
Program Fees	<u>\$1,705,668</u>	<u>\$2,046,802</u>	<u>\$2,046,802</u>
Subtotal	<u>\$5,757,289</u>	<u>\$6,908,747</u>	<u>\$6,908,747</u>
<u>Cost</u> - Department of Agriculture			
Salaries	(\$1,838,847)	(\$3,788,025)	(\$3,901,066)
Fringe Benefits	(\$1,103,308)	(\$2,272,815)	(\$2,341,000)
Equipment & Expense	<u>(\$512,219)</u>	<u>(\$1,024,437)</u>	<u>(\$1,024,437)</u>
Subtotal	<u>(\$3,454,374)</u>	<u>(\$7,085,277)</u>	<u>(\$7,267,103)</u>
ESTIMATED NET EFFECT ON PESTICIDE FEE FUND	<u>\$2,302,915</u>	<u>(\$176,530)</u>	<u>(\$358,356)</u>
Estimated FTE	93	93	93
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under current law, the fee for registering a pesticide in Missouri is \$15 per year and there is a late charge of \$5 assessed for any pesticide not registered by January 1st. This act increases the registration fee to \$150 per year and the late charge to \$50.

DESCRIPTION (continued)

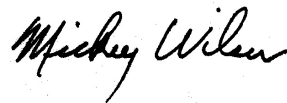
This act creates the Agriculture Protection Fund. All fees collected and assessed by the Department of Agriculture which are not already credited to a program-specific purpose shall be placed into the fund. Fees related to egg licenses, the sale of wine, and pesticide registration are specifically directed to be credited to the Agriculture Protection Fund.

The Agriculture Protection Fund shall only be used for Department of Agriculture functions and responsibilities relating to the programs from which the fees are collected. Any remaining balance in the fund shall not be subject to the biennial sweep.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Natural Resources
Department of Agriculture

A handwritten signature in black ink that reads "Mickey Wilson". The signature is fluid and cursive, with the first name "Mickey" and last name "Wilson" clearly distinguishable.

Mickey Wilson, CPA
Director
April 7, 2010